

STRATEGIC MANAGEMENT PRACTICES AND PERFORMANCE OF THREE STAR HOTELS IN NAIROBI CITY COUNTY, KENYA

Njoki Ndung’u

Master of Business Administration (Strategic Management), Kenyatta University, Kenya

Dr. Lucy Kavinda

Department of Business Administration, Kenyatta University, Kenya

©2019

International Academic Journal of Human Resource and Business Administration (IAJHRBA) | ISSN 2518-2374

Received: 4th December 2019

Published: 21st December 2019

Full Length Research

Available Online at: http://www.iajournals.org/articles/iajhrba_v3_i7_590_604.pdf

Citation: Ndung’u, N. & Kavinda, L. (2019). Strategic management practices and performance of three star hotels in Nairobi City County, Kenya. *International Academic Journal of Human Resource and Business Administration*, 3(7), 590-604

ABSTRACT

The strategic management plays a key role in tableting and assuring appropriateness of the strategic themes. The research aimed at determining the role of strategic management activities on hotels performance in Nairobi City. In accomplishing the research key objectives are to be valued which include establishing the influence of strategic planning, formulation , implementation and monition and evaluation on the growth of the country's hotel sector. In enhancing the research's objectives are the theories such as knowledge based model, organizational theory and resource based approach. The research utilized descriptive research design with key target pollution being 250 employees across the 25 three start hotels in the city county. The research adopted 30% sample selected via stratified random sampling. In collecting the research data , semi-structured questionnaires are to be used among the major respondents who were both from administration, strategy , human resource and finance departments. The research conducted a pilot study to help in validating the research instruments. The research's quantitative data was gathered v= and analyzed through descriptive statistics by the use of SPSS and be presented via means , frequencies , standard deviation and means. It's important that the research is to be of great significance to the hotel sector as they will understand the efficiency of strategic management in relation to its performance. The study concluded that strategic management practices employed by three star hotels in Nairobi City County positively and significantly influenced their

performance. The study concluded that the hotels significantly embraced strategic planning through their vision, mission, management, communication strategies and use of analytical instruments which enhanced their performance and supporting their goals. The study concluded that the firms embraced strategy formulation to a significant extent through proper selection of strategy approaches based on risks and results expected and also selecting strategies that are in line with organization mission and vision, based on past experiences and research to reduce chances of failure. It was further concluded that the firms embraced strategy implementation by ensuring the strategies have been implemented as planned, within budget, time schedule, engaging management and modern technology. The study concluded that the firms to a significant extent have embraced M&E as a strategic management practice through use of performance-based monitoring program, feedback mechanism and making adjustments based on the feedback. The study recommends that the three star hotels need to improve their strategy formulation strategies with proper planning, involvement of major stakeholders and due diligence before implementation. The study recommends further that the firms need to enhance continuous and consistent monitoring and evaluation to ensure proper strategy implementation. The management need to ensure M&E feedback is integrated into the strategic management process.

Key Words: *strategic management practices, performance, three star hotels, Nairobi City County, Kenya*

INTRODUCTION

The issues of organizational performance is key to the firm since one of the major objective of an entity is making profits. According to Iravo et al., (2013), one of the key questions in business has been why some of the firms have a successful growth and there fail and this has led to the research on the major determinants of a firm's performance. Awino (2011) provides that's, for affirm to attain an effective growth it has to have high returns and recognize performance drivers from the top –down of a firm. Njihia et al. (2013) provides that performance measurement as key instruments which aids an organization in monitoring performance , recognizing the fields that needs attention , improving motivations , enhancing communication and enhancing accountability.

Hotel managers like other executives utilize feedback on performance to help them modify their policies and other business operation modes (Wadongo et al, 2010). On the views of Fwaya (2006) an organization performance is viewed as a strategy for evaluating the firm's operations based on specific measures like the staff's morale and economy. Nude and Nyaega, (2012) provides that a firm's performance largely depends on its strategic management. Odhiambo (2009) recognized three models to organizational performance that provides a firm attain its key objectives. The model defines performance based on the attainment of key objectives. On the other hand, systems resource model elaborates on the firm's progress as an association amongst the firm and its surroundings. The other key method is the process perspective that describes performance based on human resource's behavior of a firm (Waiganjo et al, 2012).

Kiragu (2005) provides that a firm's performance is determines by four perspectives which include internal processes financial, innovativeness and client. The firm's financial factor recognizes the major financial determines of enhancing growth (Odhuno and Wadongo, 2010). Usually customer focus will illustrate their performance based on their satisfaction, brand image and profitability. The firm's internal processes include effectiveness of the firm's operations while its ability to adopt any technological change sis reflected as innovativeness. According to Mucheru (2008), BSC retains a firm's financial aspect as the major measure of success as it holds other drivers for future performance. On the other hand, Mshenga and Owuor (2009) provides that a firm's strategic management determinists consists the translation of its major strategies into deliverable outcomes. The global hotel industry experienced a drastic growth having recorded a growth rate of 25 percent (Kingi, 2013). The hospitality industry which has been highly embraced within the coastal region began from the Arab traders while they constructed railway lines. Over the years the industry has expanded to have been considered as one of the major tourist attractions in Kenya a factor that has placed Kenya into the International levels having been recognized as one of the globally accepted destinations for tourist.

The hospitality sector has been classified as one of the major crucial areas that has a positive relationship to the tourism sector and thus no nation can expect to attract more tourists unless it has hotels. Key pressures resulting from internationalization and globalization coupled with Star

Rating and membership to international hotel associations, have as well challenge the hotel sector to enhance their performance (Mureithi et al., 2009). According to KNBS (2012) the operational cost associated to the hotel industry will be increasing due to the current global economic conditions. Kenya's hotel industry is facing multiple issues which have been hindering its growth and performance. Such issues include shortage of skilled personnel and poor organizational processes among other issues (Onyango and Kipchumba, 2012).

Over years the country has had turbulent times on their organizational practices a factor that has led to their low profits across the economy a factor well expressed within the Hotel sector (Nomusinge, et al. 2012). The reduced rate of global tourism has greatly impacted hotel sales and posed a threat to most firms since most of the hotels tend to rely much on International Tourism Market (Oketch et al, 2010). According to Akama (2007), the country has been experiencing declining income from agriculture and manufacturing sector a factor that has enhanced most investors to pump more resources to tourism sector.

Kenya has been globally valued as one of the major globe's tourist nations but currently the industry has expressed a decline resulting from post-election violence as well as the increasing threats of terrorism attacks (Kuria, et al 2012). Most of the Kenyan hotel industry has been closed and this has resulted to unemployment cases among most hotels. There has also been a low bed occupancy capacity of 10 -20 percent and the conditions is headed for worse incase changes aren't done (Nzuve and Nyaega, 201). On the other hand, the hotels have been more complicated to coordinate due to dynamics increasing demands from the business environment. Most hotels are also finding hard to attain customer needs as well as adapting to the increasing level of technology. According to Kamau (2008) the tourism sector under which the hotel industry is part of is currently facing issues ranging from, changes of technology, economic issues, and socio- cultural changes. According to Ongore and Kobonyo (2011) strategic management has been one of the strategies adopted by most firms towards enhancing its service provision. For instance KIM established Organizational Performance INDEX (OPI) approach aimed at enhancing organizational performance (Kenya law Report, 2012).

STATEMENT OF THE PROBLEM

The hospitality industry is currently valued to be crucial both in the local and global economy as a result of globalization of tourism. The previous experienced increase number of destinations globally have been opened up to and mostly put resources in tourism, a factor that has turned tourism into a major driver of social economic progress through export, the development of enterprises and jobs and development of infrastructure. A more globalized sector, inter destination competition is very high and the factor has been contributed by amongst other factors, the fact being that tourism enterprises among which the restaurants, hotels are currently finding themselves in a better position to attain global competition. This in turn results in the growing international competition not only between the destinations but also within the hotel establishments (Thing'o

2007). The implication of globalization coupled with the rapid development of new technology, is that today's tourists is able to compare a variety of destinations before making a choice (Kotler et al, 2010) yet Kenya lacks innovative products to keep guests spending for longer (The Kenya Economic Report, 2013). Hotel sector in Kenya has faced various challenges following changes in their operating environment. Many regulatory reforms and turbulent environment in the sector have led the hotels to embrace strategic management practices. It is imperative that strategic management is one of the major steps that the hotels have taken to address the challenges they face in enhancing their financial performance in the tourism sector. Successful organizations acknowledge the need to have and maintain a sound entity strategy and invest a lot of time, effort and financial resources in strategy development. The ability to execute a strategy is crucial compared to the quality of the strategy (Kaplan & Norton, 2001; Martin, 2010) According to Miler, (2002) firms fail to execute almost 70 % of their new strategies. A most recent research indicates that 40 % of the value expected in strategic planning is never recognized (Olson, Slater & Hult, 2005). Evidence keeps piling of how hindrances to strategic management practices make it difficult for firms to attain sustained success. The research there aimed at establishing the connection between strategic management practices and performance of the hotel industry in Kenya with a specific focus on thee start hotels in Nairobi County.

GENERAL OBJECTIVE

The study aimed at determining the effect of strategic management practices of performance of three start hotels in Nairobi Kenya

SPECIFIC OBJECTIVES

1. Establishing the effect of strategic planning on performance of three star hotels in Nairobi City County.
2. To examine the influence of strategy formulation on performance of three star hotels in Nairobi City County.
3. To ascertain the relationship between strategy implementation on performance of three star hotels in Nairobi City County.
4. To establish the effect of monitoring and evaluation on performance of three star hotels in Nairobi City County.

THEORETICAL REVIEW

Resource-Based View Theory

RBV of Werner felt (984) provides that competitiveness of an organization can be attained by innovatively providing quality products to the clients. The existent literature aims on the strategic recognition and application of resources by an organizations for establishing a sustainable competitive advantage (Barney, 1991). Global corporate theorists as well express a business's

growth and failures across boundaries by bearing in mind the competitiveness of their subsidiaries in the evolving markets (Luo, 2003). Local information offered by a subsidiary befits a crucial resource for intellectualizing significance in reference to the local necessities (Gupta et al., 2011).

Under strategic administration study, the model has been the key theoretical perceptions applied in explaining persistency in inter-firm performance differences (Barney & Griffin, 1992). As defined under the model, organizations have contains inimitable resources and abilities that are crucial and have the capacity to offer them with a viable competitive advantage. Thus, resources involves both an organization's tangible and intangible assets, whereas abilities denote to its capacity to utilize and pool resources via organizational procedures with the objective to attain its goals (Amabile et al., 1996). Under the research, by utilizing the approach, crucial to investigate how both external and internal resources of an organization can be influenced by competitive advantage strategy and allow a firm's abilities to heighten innovation performance (Galbreath, 2005).

As stated by Nahapiet and Ghoshal (1998), "intellectual capital "a social collectivity's understanding and knowledge capacity like as a professional practice or a firm. Social capital refers to the total actual and potential resources entrenched within and derived from the network of association owned by a social entity. On the other hand intellectual capital is a reflection of key resources presented as accumulated knowledge within a firm as social capital is the association's organizations possess with their network associates. Nahapiet and Ghoshal (1998) would provide that organizational invention is one of the key result of the development of new knowledge which leads from the amalgamation and interaction amongst intellectual capital and social capital of organization. Thus, the theory is important to the hotel industry because they are supported by the two sets of capital which require efficient management to guarantee them a more a competitive advantage and enhance performance.

Knowledge-Based View Theory

The theory is an extension of previous used RBV. The major tenet of the model is that an organization is determine as an institution meant to generate and apply various types of knowledge (Grant, 1996). While incorporating much of the content of RBV, the theory focuses to the path by which particular organization capacities evolve and establish over time. This kind of growth of knowledge through learning can be expressed as a major factor in attaining competitive advantage and superior performance (Danneels, 2002). The model of the organization considered knowledge as one of the key strategic resource to an organization. Its proponents argues that since KBV are basically difficult to imitate a socially complex, heteronomous knowledge bases and abilities among organizations are the key factors of sustained growth. The knowledge is carried via multiple parties such as organizational culture and recognize, standards, systems, staffs and documents (Wernerfelt, 1984, Barney 1991, Corner 1991).

Although the RBV of an organization identifies the significance role of KBV in an organization that attain a competitive advantage, elements of KBV argues that the Resource based perspective does not go far enough. Particular, RBV treats knowledge as a generic resource, rather than having specific features (Alavi and Leidner, 2001). If or not KBV of an organization basically constitutes an n approach has been the major issue of considerable debate. For instance, Foss (1996) and Phela & Lewin (2000). According to one notable proponent of KBV “The emerging KBV of an organization is not an approach of an organization in any formal sense” (Grant, 2002).

EMPIRICAL REVIEW

Strategic Planning and Performance

Strategic planning history refers to a long range planning in an organization (Piccolli, 2008). The planning was thus a proactive factor to long range planning that was established to be obsolete since it was not enhancing the firm’s true value. The strategy is a major task of senior executives which includes 14 processed (Armstrong, 2010). The processes are structured objectively, reaching goals, establishing philosophy, policies, planning strategy, procedures and firm structures. Pearce and Robinson (2008) asserts that strategic planning as a firm’s structure which is vision determined and that focuses on establishing the future value of a firm.

Dan (2009) asserts that strategic palling process entails the execution of strategy in a firm that must be coordinate via a sequence of phases. The phases include setting of organizational objectives, analyzing of the environment, trends and abilities, and institutionalization strategy. Barney & hesterly (2006) view that strategic planning process should be effectively structured and designed to effectively meet the particular requirement of a firm. The strategic management planning practice includes the vision and mission of the firm, environmental analysis, and examining strategic adoptions (Porters 2008).

Strategic planning aids the organizational managers in identifying a clear cut concept of their hotels and this makes it effective in formulating plans and various operational activities that are mat to push them close to their objective (Pearce & Robinson, 2008) . With the current changes of technology, the Kenyan managers within the industry are facing challenges from the regularly changing technology, societal issues and political influences. Hotels thus, have had no option of establishing strategic planning as an instrument for the future prospects of their hotels.

Strategy Formulation and Performance

According to Hax & Majluf (2006), strategy formulation forms part of the two key cycles within the strategic planning which trying to structure the major strategic factors of an organization via chronological inclusion of business and other operational perspectives. The strategy formulation procedures in most circumstances tend to influence the second cycle of strategic and operational

budgeting which mainly focuses on the final provision subsequent consolidation at corporate level of the budgets of the firm's operations.

On the other hand, Hax and Majluf (2006). Provides here there exists two management strategies concerning to strategy formulation. This involves the involvement of power behavioral model and the formal analytical procedures. Formal approach tends to focus on having formalized planning structures while the latter focus on behavioral model of an organization and focus on various goal system of an organization.

Strategy Implementation and Performance

Strategy implementation is crucial to an organization's growth and development, addressing the where, how, who and when of attaining the firm's objectives. It aims on the whole firm. Execution follows after, SWOT Analysis and recognizing strategic goals and issues. Implementation is one of the crucial factors of strategic marketing planning practice. processes is explained as the procedures which effects the marketing plans into acts meant to attain the marketing goals (Pride & Ferrell, 2003). Strategy implementation focuses on the when, where, how and who to conduct marketing practices effectively (Kotler et a, 2001; Kotler et al 1994). As stated by Pride & Ferrell (2003) express marketing execution as strategy of enacting the marketing plans into action. As also narrated by David (2003), both organization's staffs and managers should be engaged in the execution decisions and effective communication between all. Factors that need attention during the execution course can comprise of, conflict management, management of resistance, employee coordination, and management of culture (David, 2003).

Restaurants that desire in performing should always choose strategies that provide them a competitive advantages over there rivals based on their key competencies (Porter, 2004). Firms perform strategic evaluation to attain competitive advantages by use of instruments such as RPT, porter's five forces approach and SWOT Analysis (Harrison, 2003). SWOT focus on analyzing the firm's key strengths, weaknesses, opportunities and threats. On the other hand porter's five forces models help in determining the firm's competence to within the industry. Besides, there are three generic frameworks proposed by Mibe (2007) meant to aid in coping with high forces of competition such as differentiation. Prior RPT research would provide a key evidence that the analysis of an organization's internal resources aids an organizations to realize their competences and abilities that are unique by their rivals (Wang and Ahmed, 2007).

Monitoring and Evaluation and Performance

Mentoring refers as to a continuing function which focuses fundamentally to offer the organization's managerial boy and key stakeholders of an ongoing intervention with early indications of progress . The evaluation process involves the assessment of objectivity as possible an ongoing program may it be a project or program. It offers the executive and stakeholders with continues feedback on program performance (UNP, 2002). The evaluation process offers a

judgment that is grounded on the assessment of appropriateness, and sustainability of development efforts. The process includes the key procedures of design, analysis and interpretation of specific data based on certain questions (Jody & Ray, 2002).

RESEARCH METHODOLOGY

Research Design

Research design is the essential structure indicating an overview of the practices which are key to conduct the research project. The study issue was conducted via the use of descriptive research design. As stated by Cooper & Schindler (2003), the design is focused on expressing what, how and where of a specific phenomenon. The study thus a capacity of generalizing the outcomes to all entity.

Target Population

A population is demarcated as a comprehensive conventional of personalities, or objectives under common observable features (Mugenda & Mugenda, 2003). The study's population involved 25 three start hotels in Nairobi County who included 250 employees. The population consisted of 250 participants.

Sampling Procedure

The procedure of sampling provides various types of techniques used in facilitating the collection of data from a sub group. As stated by Mugenda & Mugenda (2003), a sample of 25-30% is considered valuable in drawing a conclusion. The research thus used stratified random sampling and a sample of 75 participants from the population in informing the study's results which form 30% of the population.

Data Collection Instrument

In consideration of the study's coverage, semi structured survey questionnaire was utilized to each of the respondents. They were all effectively structured and tested with selected members of the population used for improvements. The process was conducted to enhance the study's validity and accuracy.

Data Collection Procedure

The research intends to use questionnaire with similar question across all respondents. The research effectively coordinated the process to efficient attain the required information form the respondents. The research used the drop and pick technique since employees had varying free time when they felt to be involved in the research.

Data Analysis and Presentation

Before data is processed, the already complete questionnaires were edited for consistent. The data gathered was then evaluated by the use of descriptive statistics by the help of SPSS and presented through means, frequencies, percentages, and standard deviations. The data was displayed using pie charts, graphs as well as charts. The process was accomplished by tallying various responses, computing key percentages of different variations in response and define and deduce the data in line with the study goals and assumptions by the application of SPSS to provide the outcomes. Further the multiple regression equation below is to be used:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where: Y= Performance of three star hotels in Nairobi City County; B_0 - intercept coefficient; ε_i - error term (extraneous variables); X_1 - Strategic planning; X_2 - Strategy formulation; X_3 - Strategy implementation; X_4 - Monitoring and evaluation; β_1, β_2 , and β_3 = regression coefficients

RESEARCH RESULTLS

The main objective of the study was to establish the effect of strategic management practices on performance of three star hotels in Nairobi City County. The study specific objectives were to establish the effect of strategic planning, strategy formulation, strategy implementation and monitoring and evaluation in Nairobi County. The study had a coefficient of correlation R of 0.871 an indication of strong positive correlation between the variables and coefficient of adjusted determination R2 was 0.863 which changes to 86.3%.

Strategic Planning and Firm Performance

The study established that strategic planning had a positive influence on the performance of three star hotels in Nairobi City County. The respondents significantly agreed that strategic planning basic results to more enhanced performance, efficient strategy establishment begins with establishment of a strategic vision Based on a firm's future direction, corporate vision among the three start hotels outlines the desired future at which the organization hopes to arrive and that the hotels' goals are crucial for supporting their activities and guidance for developing the metrics to determine progress. The respondents were neutral or to a moderate extent indicated that only the firms' executives get involved in strategic planning, corporate vision among the hotels focus on the desired forthcoming the firms expect to attain, the hotels have effective communication strategies and that they contain analytical instruments such as SWOT & PESTEL that are applied in measuring a firm's performance. This indicates that the hotels significantly embraced strategic planning through their vision, mission, management, communication strategies and use of analytical instruments which enhanced their performance and supporting their goals.

Strategy Formulation and Firm Performance

The study established that strategy formulation positively influenced the performance of three star hotels in Nairobi County. The study respondents agreed that executives must select among various strategies and to establish approaches and this involves at least a small amount of adventure and risk consideration and that embedding results to every level to a shared comprehending of strategic goals and precedence. The respondents were neutral or to a moderate extent agreed that hotel management structures their major strategy issues of an organization via sequential engagement of corporate, business and operational perspectives, formulation strategy that guarantees a complete specification of corporate business and operational strategies, formulation of hotel strategy procedures ensures that prior experiences are considered and applied in formulating future strategies, the hotels depend not only on corporate approaches but as well on their financial research and established other key strategies and that one's personal level at the hotel is aware concerning the significance of the firm's strategy. This indicates that the firms embraced strategy formulation to a significant extent through proper selection of strategy approaches based on risks and results expected and also selecting strategies that are in line with organization mission and vision, based on past experiences and research to reduce chances of failure.

Strategy Implementation and Firm Performance

The study pointed out that strategy implementation as one of the four main strategic management practices positively influenced performance of the three star hotels in Nairobi City County. It was established that the hotels implement strategies as planned, strategy implementation is all inclusive, strategy implementation is done within time and budget, the management engages experts in strategy implementation and that modern technology is engaged in strategy implementation. This indicates that the firms embraced strategy implementation by ensuring the strategies have been implemented as planned, within budget, time schedule, engaging management and modern technology. The respondents recommended that the management should ensure efficient, effective and lean strategy implementation and involve all stakeholders to ensure the strategies foster firm competitiveness.

Monitoring and Evaluation and Firm Performance

The study established that strategy monitoring and evaluation positively influenced performance of three star hotels in Nairobi City County. The study established that their firms to a moderate extent contain an employee evaluation program, utilize performance-based monitoring program, monitoring enables organizations' executive and stakeholders with continuous feedback on program performance. The respondents agreed that execution of project monitoring and evaluation enables the firm adjust and make adjustments to the execution processes for attainment of desire results and outcomes and that performance based monitoring and evaluation system necessitates abilities and motivation. This indicates the firms to a significant extent have embraced M&E as a

strategic management practice through use of performance-based monitoring program, feedback mechanism and making adjustments based on the feedback.

INFERENCE STATISTICS

The study conducted inferential statistics to establish the extent of correlation between strategic management practices and performance of three star hotels in Nairobi City County. The findings of coefficient of determination and coefficient of adjusted determination are as shown in Table 1.

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.871 ^a	.865	.863	1.61334

The findings found out that coefficient of correlation R was 0.871 and indication of strong positive correlation between the variables. Coefficient of adjusted determination R^2 was 0.863 which changes to 86.3% an indication of changes of dependent variable can be explained by (strategic planning, strategy formulation, strategy implementation and monitoring and evaluation). The residual of 13.7% can be explained by other factors beyond the scope of the current study.

The study carried out an ANOVA at 95% level of significance. The findings of $F_{\text{Calculated}}$ and F_{Critical} are as shown in Table 2.

Table 2: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	815.513	10	81.5513	20.7586	.000 ^b
Residual	235.711	60	3.9285		
Total	1051.224	70			

The findings show that $F_{\text{Calculated}}$ was 20.7586 and F_{Critical} was 7.1552, this show that $F_{\text{Calculated}} > F_{\text{Critical}}$ ($20.7586 > 7.1552$) an indication that the overall regression mode was significant for the study. The p value was $0.000 < 0.05$ an indication that at least one variable significantly influenced performance of the three star hotels in Nairobi City County.

The study used coefficient of regression to establish the individual influence of the variables on firm performance. The findings are indicated in Table 3.

Table 3: Coefficients of Regression

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	T	
(Constant)	5.771	0.751		2.6112	.000
Strategy planning	0.821	.233	.125	9.312	.000
Strategy formulation	0.779	.114	.066	10.032	.000
Strategy implementation	0.793	.127	.120	09.610	.000
Monitoring and evaluation	0.825	.126	.231	09.112	.000

The resultant equation was:

$$Y = 5.771 + 0.821X_1 + 0.779X_2 + 0.793X_3 + 0.825X_4$$

Where: X₁ = Strategy planning; X₂ = Strategy formulation; X₃ = strategy implementation; X₄ = monitoring and evaluation

The study found out that by holding all the variables constant, performance of the three star hotels in Nairobi City County will be at 5.771. A unit increase in strategy planning when holding all the other variables constant, firm performance would be at 0.821. A unit increase in strategy formulation while holding other factors constant, performance would be at 0.779. A unit increase in strategy implementation effectiveness while holding other factors constant, firm performance would be at 0.793. A unit increase in strategy monitoring and evaluation while other factors are held constant, hotel performance would be at 0.825.

The findings pointed out that strategy planning, strategy formulation, strategy implementation and monitoring and evaluation had a p value of 0.000<0.05 an indication that the selected strategic management practices significantly influenced performance of three star hotels in Nairobi City County, Kenya. This is supported by David (2003) who noted that the selected strategic management practices contributed to performance of firms.

CONCLUSIONS

The study concluded that strategic management practices employed by three star hotels in Nairobi City County positively and significantly influenced their performance. The study concluded that the hotels significantly embraced strategic planning through their vision, mission, management, communication strategies and use of analytical instruments which enhanced their performance and supporting their goals.

The study concluded that the firms embraced strategy formulation to a significant extent through proper selection of strategy approaches based on risks and results expected and also selecting

strategies that are in line with organization mission and vision, based on past experiences and research to reduce chances of failure. It was further concluded that the firms embraced strategy implementation by ensuring the strategies have been implemented as planned, within budget, time schedule, engaging management and modern technology.

The study concluded that the firms to a significant extent have embraced M&E as a strategic management practice through use of performance-based monitoring program, feedback mechanism and making adjustments based on the feedback.

RECOMMENDATIONS

The study recommends that the three star hotels need to improve their strategy formulation strategies with proper planning, involvement of major stakeholders and due diligence before implementation.

The study recommends further that the firms need to enhance continuous and consistent monitoring and evaluation to ensure proper strategy implementation. The management need to ensure M&E feedback is integrated into the strategic management process.

REFERENCES

- Atkinson, H. (2006.) Strategy implementation: A role for the balanced scorecard. *Management Decision*, 44 (10), 1441 – 1460.
- Beer, M., & Eisenstat, R.A. (2000). The killers of strategy implementation and learning. *Sloan management Review*, 41(4), 29-40.
- Binswanger, H., & Swaminathan, S.A. (2003). *Scaling up community driven development: Theoretical underpinnings and programme design implications. Policy Research workpaper*. World Bank: African Regional Office.
- Chitere, P.O. (Ed.). (1999). *Community development: Its conceptions and practice with emphasis on Africa*. Department of Sociology, University of Nairobi, Nairobi: Gideon S. Were Press.
- Evans, M., & Syrret, S. (2007). Generating social capital? The social economy and local economic development. *European Urban and Region Studies*, 14(1), 55-74.
- Flood, P., Dromgoole, T., Carrol, S., & Gorman, L. (2000). *Managing strategy implementation*. New York: John Wiley & Sons.
- Harrington, R., & Kendall, W. (2006). Middle-up-down and top-down approaches: Strategy implementation, uncertainty, structure and food service segment. *Tourism*, 54(4), 385-395.
- Kenya National Bureau of Statistics. (2009). *National population and housing census*. Nairobi: Government Printers.
- Kenya National Bureau of Statistics. (2010). *Statistical Abstract*. Nairobi: Government Printers.

- Kessler, T., & Kelly, P. (2000). *The business of government: Strategy implementation and results management concept*. Vienna.
- Keya, C. T. (2010). *The role of internal audit in promoting accountability and good management in Constituencies Development Fund in Nairobi Province Constituencies*. MB A project, University of Nairobi, School of Business. Nairobi.
- Kibua, T. N., & Mwabu, G. (Eds.). (2008). *Decentralization and devolution in Kenya: New approaches*. Nairobi: University of Nairobi Press.
- Kimenyi, S. M. (2005). *Efficiency and efficacy of Kenya's Constituencies Development Fund: Theory and evidence*. Economics Working Papers. Paper 20054
- Kombo, D. K., & Tromp, D.L.T. (2006). *Proposal and Thesis writing: An introduction*. Nairobi: Pauline Publication.
- Kothari, C. R. (2004). *Research methodology: Methods and techniques (2nd edition)*. New Delhi: New Age International(P)Limited.
- Mintzberg, H., & Quinn, J. B. (1988). *The strategy process: Concepts, contexts and cases (3rd edition.)*. Uk: Prentice Hall
- Mulwa, F. W. (2005). *Demystifying participatory community development (2nd edition)*. Nairobi: Pauline Publication.
- National Taxpayers Association. (2010). *Governance and Transparency Fund*. Centre for Governance and National Development (Annual Report for Year 2: April 1st 2009 to March 31st 2010).
- Olukoshi, A., & Nyamnjio, F. (2005). Rethink African Development. *CODESRIA Bulletin*, 3&4, 1.
- Pearce, J. A., & Robinson, R. B. (2011). *Strategic management: strategy formulation, implementation and control (12th edition)*. New York: McGraw-Hill
- Republic of Kenya. (1999). *National Poverty Eradication Plan 1999-2015*. Nairobi: Government printers.
- Republic of Kenya. (2003). *Constituencies Development Fund Act*. Nairobi: Government printers.
- Republic of Kenya. (2009). *Mwala District Development Plan 2008-2012*. Nairobi: Government Printers.
- Shah, A. (2005). The foundations of successful strategy implementation: Overcoming the obstacles. *Global Business Review*, 6 (2), 293-302.
- Thompson, A. A., & Strickland, A. J. (2003). *Strategic Management concepts and cases (13th edition)*. New York: McGraw-Hill.
- Yegon, C.K. (2009). *Effectiveness of strategies used to implement Constituencies Development Fund in Sotik constituency of Kenya*. MBA Project, University of Nairobi, School of Business. Nairobi.